Agri-News

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HIGHLIGHTS

October 1 Crop Production - Iowa
Economist Corner and September Prices
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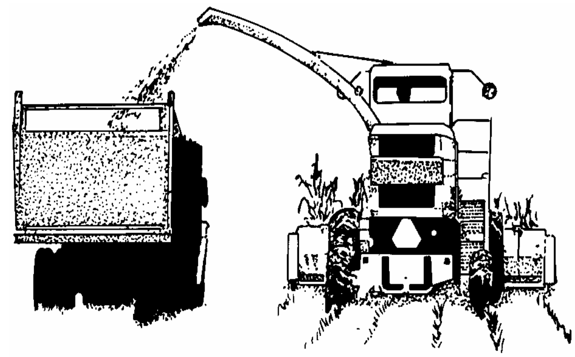
District Estimates
Corn for Grain: Ears per Acre
October 1 Crop Production – U.S.



Iowa Crop Production, October 1

IOWA: Overall, corn development was slightly behind normal pace, while soybeans were normal or slightly ahead. Harvest was underway for both corn and soybeans as September closed.

Corn: As of October 1, Iowa's corn crop was forecast to yield 156.0 bushels per acre. If realized, the yield will be 9.0 bushels below last year. Production is forecast at 1.87 billion bushels for the state, down 4 percent from last year. Forecasted ear counts per acre (26,550) are the highest on record when compared to final counts. Harvest is underway with 12 percent complete on September 30, behind the average pace but slightly ahead of progress in 2002.

Soybeans: The October 1 yield forecast of 34.0 bushels per acre is down 5 bushels from the September 1 forecast, and down 14.0 bushels per acre from 2002. If realized, soybean production would be 358.7 million bushels, down 28 percent from last year. Soybean harvest was 30 percent complete on September 30, ahead of the average pace and nearly double the percent complete in 2002.

October 1, 2003, Production Summary - Iowa and United States

Crop	For harvest		Yield per acre		Production	
	2002	2003[1]	2002	2003[1]	2002	2003[1]
	Thousand acres		Bushels		Thousand bushels	
IOWA						
Corn for grain	11,900	12,000	165.0	156.0	1,963,500	1,872,000
Soybeans	10,400	10,550	48.0	34.0	499,200	358,700
Alfalfa Hay[2]	1,250	1,380	3.90	4.00	4,875	5,520
All Other Hay[2]	350	320	2.20	2.00	770	640
UNITED STATES						
Corn for grain	69,313	71,765	130.0	142.2	9,007,659	10,207,141
Soybeans	72,437	72,538	38.0	34.0	2,749,340	2,468,390
Alfalfa Hay[2]	23,135	23,541	3.19	3.34	73,824	78,523
All Other Hay[2]	41,362	40,838	1.86	2.01	77,138	82,183

[1] Preliminary. [2] Yield in tons and production in thousand tons.

ECONOMIST CORNER

Livestock by John Lawrence

and

Grains by Robert Wisner

Iowa Cooperative Extension Service - Ames

LIVESTOCK

Hog prices are in their seasonal low time of the year. Weekly slaughter reached 2 million head in late September and is expected to stay in the 2.0-2.1 million range until Thanksgiving or beyond. Prices are forecast to average in the upper $30s for the fourth quarter, but December futures in mid October are trading at the basis adjusted live equivalent of $42. The record high cattle prices are beginning to support hog prices. As the higher cattle prices are bid into retail beef prices we would expect more consumers will substitute the lower priced pork for higher priced beef, this demand should carry over into 2004. However, the September Hogs and Pigs report indicated 2004 supplies will be near 2003 levels. Prices are forecast to be similar to only slightly better than 2003.

Fed cattle prices averaged over $1/pound live weight in Iowa the week ending October 10. The record prior to September when the market began setting new records every week was $85.50 for one week in March 1993. The ISU Estimated Livestock Returns for yearling steers finished in September showed a profit of $295 per head; a record by $90 per head. Supplies of market ready cattle are extremely tight, carcass weights are down significantly, and demand is very strong. All three of these key variables will change slowly thus supporting prices near record levels through the winter and spring. Seasonally, we expect carcass weights and the percent of cattle grading Choice will begin increasing. Weekly slaughter is declining as packers try to support wholesale prices by reducing boxed beef supplies, and this will also result in increasing weights and grade. While uncharted waters are difficult to predict, I do not expect prices to continue climbing at their recent pace. Likewise, I do not expect a collapse in the market. Fed cattle prices in the upper $80s and low $90s through the end of the year may be sustainable.

GRAIN

USDA's October 10 crop estimates indicated that adverse August weather and aphids did more damage to the soybean crop than generally anticipated. The U.S. soybean yield is now estimated at 34 bushels per acre, the lowest since the 1993 flood year and down 2.4 bushels per acre from the September estimate. With minor reductions in acreage, the indicated U.S. soybean crop is 324 million bushels or 11.6% below last year's total utilization of U.S. soybeans. U.S. carryover stocks can probably be reduced by a maximum of about 70 to 80 million bushels, so total usage this year needs to be cut by around 250 million bushels or 9%. That is a very large cut. It must occur, barring an increase in the crop estimate, because we can't use soybeans that we don't have.

With normal yields in South America next spring and no further change in U.S. production estimates, world soybean supplies are indicated to be 5% above last year. South American production from the crop to be harvested next spring is expected to be about 54% larger than the U.S. crop. However, much weather remains to be logged before the South American crop is harvested and there is the unknown risk of Asian rust damage to Brazil's crop. This uncertainty and large U.S. export bookings so far this season will keep soybean markets volatile into mid winter and at times may bring higher soybean prices.

Corn production is indicated to be 7% above last year's use, and a 25% increase from a year earlier is projected in U.S. corn carryover stocks for August 31, 2004. The large corn crop will very likely push corn prices modestly below local loan rates during the next two to three weeks as harvesting accelerates.

Average Prices Received by Farmers for Farm Products

Item	Unit	Iowa Sep.[1] 2002	Iowa Aug.[1] 2003	Iowa Sep.[2] 2003	U.S. Aug.[1] 2003	U.S. Sep.[2] 2003
		- - - - - - - - - - Dollars - - - - - - - - - -				
Corn	bu	2.41	2.04	2.05	2.15	2.13
Oats	bu	1.72	1.44	1.45	1.39	1.39
Soybeans	bu	5.37	5.62	6.00	5.68	6.04
Alfalfa, baled	ton	83.00	75.00	79.00	91.00	89.00
All hay, baled	ton	82.00	73.00	78.00	85.30	84.20
All hogs	cwt	28.50	36.20	37.00	39.50	39.20
Sows	cwt	17.70	32.70	28.10	32.60	30.10
Barrows & Gilts	cwt	28.60	36.30	37.10	39.90	39.70
Beef cattle	cwt	60.60	78.90	88.00	79.90	84.00
Cows	cwt	34.50	45.10	51.60	44.60	46.00
Steers & Heifers	cwt	61.10	79.60	88.70	83.50	88.20
Calves	cwt	79.80	99.50	101.00	107.00	106.00
Milk cows[3]	hd	--	--	--	--	--
All milk	cwt	11.70	13.00	14.50	13.20	14.00
Sheep	cwt	26.60	30.40	--	28.30	--
Lambs	cwt	74.90	84.50	--	87.60	--
Eggs (mkt)	doz	.299	.619	.549	.669	.634

[1]Corn, oats, soybeans, all hogs, all cattle, all sheep, and milk are whole-month prices. All hay and eggs are mid-month prices. [2]All prices are mid-month. [3]Prices published January, April, July, and October.

Price Index Summary Table

Prices Received	IOWA Sep. 2002	IOWA Aug. 2003	IOWA Sep.[1] 2003	UNITED STATES Sep. 2002	UNITED STATES Aug. 2003	UNITED STATES Sep.[1] 2003
	1990-92=100[2]					
Prices rec'd.	89	93	98	98	109	109
Crops	82	95	99	109	113	110
Lvstk Prods.	99	91	97	85	106	108
	1910-14=100[3]					
Prices rec'd.	--	--	--	623	693	694
Crops	--	--	--	537	557	544
Lvstk Prods.	--	--	--	655	810	830

[1]Preliminary. [2]1990-92=100 reference replaced 1977=100 in January 1995. [3]Iowa figures for 1910-14=100 base not available.

U.S. Prices Paid Index Summary

Prices Paid	Sep. 2002	Aug. 2003	Sep. 2003	Sep. 2002	Aug. 2003	Sep. 2003
	1990-92=100			1910-14=100		
Prices paid[1]	121	123	124	1172	1197	1204
Feed	119	110	107	579	538	524
Ratio[2]	78	86	85	38	41	41

[1]Prices paid by farmers for commodities and services, interest, taxes, and farm wage rates. [2]Ratio of index of prices received to index of prices paid for commodities and services, interest, taxes, and farm wage rates.

U.S. Corn and Soybean Supply and Demand

CORN	2001/ 2002	2002/ 2003 (Est.)	2003/04[1] Projections October
	Million bushels		
Beginning stocks	1,899	1,596	1,086
Production	9,507	9,008	10,207
Imports	10	15	10
Supply, total	**11,416**	**10,619**	**11,303**
Feed & Residual	5,861	5,635	5,700
Food, Seed, & Industrial	2,054	2,298	2,450
Domestic, total	**7,915**	**7,933**	**8,150**
Exports	1,905	1,600	1,800
Use, total	**9,820**	**9,533**	**9,950**
Ending stocks, total	**1,596**	**1,086**	**1,353**
Avg. market price ($/bu)	1.97	2.32	1.90-2.30

SOYBEANS	2001/ 2002	2002/ 2003 (Est.)	2003/04[1] Projections October
	Million bushels		
Beginning stocks	248	208	169
Production	2,891	2,749	2,468
Imports	2	4	7
Supply, total	**3,141**	**2,961**	**2,645**
Crushings	1,700	1,616	1,510
Exports	1,064	1,040	870
Seed	90	90	91
Residual	79	46	45
Use, total	**2,933**	**2,792**	**2,515**
Ending stocks, total	**208**	**169**	**130**
Avg. market price ($/bu)	4.38	5.53	6.05-6.95

[1] Preliminary.

Iowa District Estimates

Corn, 2002-2003[1] / Soybeans, 2002-2003[1]

District	Corn Harvested 2002	Corn Harvested 2003[2]	Corn Yield/acre 2002	Corn Yield/acre 2003[3]	Corn Production 2002	Corn Production 2003	Soybeans Harvested 2002	Soybeans Harvested 2003[2]	Soybeans Yield/acre 2002	Soybeans Yield/acre 2003[3]	Soybeans Production 2002	Soybeans Production 2003
	Thousand acres		Bushels		Thousand bushels		Thousand acres		Bushels		Thousand bushels	
NW	1,798	1,810	157.4	155.0	283,000	281,000	1,665	1,695	48.7	42.0	81,033	71,205
NC	1,716	1,739	171.9	160.0	295,000	278,000	1,474	1,485	48.1	33.0	70,891	49,245
NE	1,362	1,396	178.4	156.0	243,000	218,000	916	930	51.2	32.0	46,888	29,575
WC	1,787	1,745	159.5	154.0	285,000	269,000	1,620	1,660	48.6	33.0	78,740	54,620
C	1,734	1,765	178.8	167.0	310,000	295,000	1,559	1,555	50.1	35.0	78,133	54,310
EC	1,259	1,295	178.7	169.0	225,000	219,000	979	975	50.1	33.0	49,007	32,520
SW	964	936	125.5	123.0	121,000	115,000	932	970	42.1	26.0	39,205	25,035
SC	460	496	155.4	133.0	71,500	66,000	503	510	44.5	31.0	22,395	15,700
SE	820	818	158.5	160.0	130,000	131,000	752	770	43.8	34.0	32,908	26,490
STATE	11,900	12,000	165.0	156.0	1,963,500	1,872,000	10,400	10,550	48.0	34.0	499,200	358,700

[1] Preliminary. [2] Harvest for grain. [3] Yield rounded.

Corn for Grain: Number of Ears per Acre Selected States, 1999-03[1]

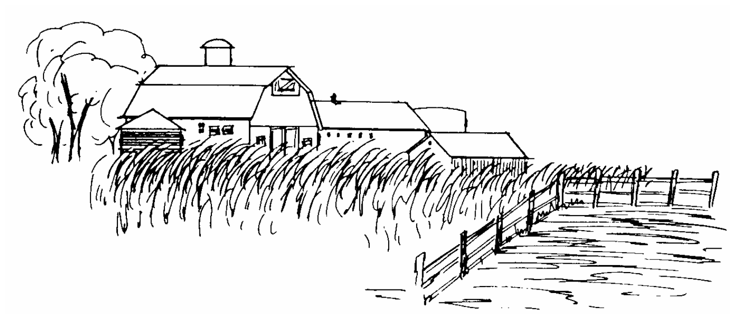
State	1999	2000	2001	2002	2003[2]
	Number of Ears				
Illinois	24,900	25,450	25,550	25,000	26,700
Indiana	23,900	24,650	25,400	23,650	25,400
Iowa	25,300	25,650	25,250	25,800	26,550
Minnesota	26,650	27,250	26,700	26,100	28,650
Nebraska	22,600	22,750	22,050	21,200	22,650
Ohio	24,050	24,100	25,100	22,350	25,700
Wisconsin	25,700	25,550	26,100	25,250	26,300

[1]Based on ear counts in plots selected for objective yield samples. [2]Preliminary.

Corn Production Up 3 Percent from Last Month
Soybean Production Down 7 Percent

Corn production is forecast at 10.2 billion bushels, up 3 percent from last month and 13 percent above 2002. Based on conditions as of October 1, yields are expected to average 142.2 bushels per acre, up 3.7 bushels from September and up 12.2 bushels from last year. If realized, both production and yield would be the largest ever. Both records were set in 1994 when production was estimated at 10.1 billion bushels and the yield was 138.6 bushels per acre. Yields turned out to be higher than expected across much of the Corn Belt and central Great Plains as farmers began to harvest their crops. Producers are now realizing that the hot, dry conditions during August did not have as much negative impact on yields as originally thought. Based on Farm Service Agency administrative information, acreage updates were made in several States and farmers now expect to harvest 71.8 million acres of corn for grain, down 50,000 acres from September but up 4 percent from 2002.

Soybean production is forecast at 2.47 billion bushels, down 7 percent from the September forecast and 10 percent below 2002. If realized, this would be the lowest production since 1996. Based on conditions as of October 1, yields are expected to average 34.0 bushels per acre, down 2.4 bushels from September and down 4.0 bushels from 2002. With harvest underway, yields are lower than last month in the Corn Belt and northern Great Plains reflecting the impact of the hot, dry conditions in August and continued mostly dry weather during September. However, excellent growing conditions continue to support higher yields in the Delta States, Kentucky, and Tennessee. Based on Farm Service Agency administrative information, acreage updates were made in several States and now area planted is estimated at 73.6 million acres, down 68,000 acres from the August estimate. Area for harvest is forecast at 72.5 million acres, down 88,000 acres from September, but up fractionally from the 2002 acreage.



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